MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

BMK 2154 – TECHNOLOGY AND INNOVATION MARKETING

(All sections / Groups)

6 OCTOBER 2023
9 a.m. – 11 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR (4)** printed pages (*including* the cover page).
2. Answer **ALL** questions.
3. All the questions carry equal marks (total 100 marks).
4. Please write all your answers in the Answer Booklet provided.

Read the Case Study. Answer ALL questions.

Case Study 1

NETFLIX

Netflix is an American Media Company that was founded in 1997 by Reed Hastings and Marc Randolph in Scotts Valley, California. Netflix launched as the first DVD rental and sales website taking its first step to becoming a streaming service. Since then, they have become the largest streaming service giant with 220 million subscribers. Netflix follows the value-based pricing strategy in which businesses price their product based on their perceived value by their customer. This leads to the recent price changes in consumers' monthly subscriptions, both domestically and internationally.

The advantages associated with value-based pricing are the development of valuable research, the optimization of the product, and the nursing maximization of revenue. Each market differs in prices acceptable to that host, that's why many companies such as Netflix conduct sufficient market research before entering the market. Not only does this find your price point but it also expands Netflix's knowledge of the industry and market. This valuable research tied in with value-based pricing leads to the optimization of the product. Consumers play a part by contributing their thoughts, needs, and wants to allow the cultivation of a higher quality product. All these advantages overlap one another as stepping stones. As the price point is tailored to the market and their perceived value, a larger base is reached and a greater audience can be reached allowing the maximization of revenues.

Exploring Netflix's strategy, it's vital to explore their price changes and the aftermath. In 2017 Netflix increased prices globally by 10%, and many expected rejections by the market. However, their service growth was not hurt by the pricing increases. They added 2 million new streaming subscribers in the US and 6.4 million overseas. The reason both present and new customers happily swallowed the price increase is that they value the service provided by Net Fz as being worth the current prices.

Further demonstration of their value-based pricing strategy is when they once again hiked prices in 2019. The result of Netflix's largest price increase in its history was successful. The price increase had a positive impact on the stock price while maintaining consistent churn levels consistent with 2017. Furthermore, they soared past expectations, with domestic and international expectations at 9.6 million versus the expected 8.9 million. This increase in users led to a $720 million increase in their annual revenues.

We have explored price increases but what happens when customers don't value the service or product a brand is offering? Netflix has had to drop prices in around 30 markets to keep its recently reviewed subscriber growth rolling amid stiffer competition and inflation pressures that are pushing more households to curb their spending. In a quarterly conference call where the company was examining ways to attract more subscribers in its

Continued...

smaller markets "There's a bunch of people around the world in countries where we're not deeply penetrated, and we have more opportunity to go attract them".

Source: https://globalmarketingprofessor.com/netflix-international-pricing-strategy/

Question 1

What are some of the factors that affects NETFLIX pricing decisions? Elaborate your answers from THREE C's of Pricing perspectives. Support your answers with relevant examples.

(25 marks)

Question 2

Based on the case NETFLIX is looking for avenues to stay profitable, despite the downward pressures on price for their targeted customers. Identify and discuss at least **SIX (6)** strategies NETFLIX may use to remain profitable.

(25 marks)

Case Study 2

AMAZON.COM

Technology companies such as Amazon are very strong on using integrated marketing communications. Amazon allows their users to have a personalized homepage with products relevant to their recent purchases, they send out emails to customers that include deals or new items that are similar to things you have previously bought or searched, and give bloggers opportunities to post their wish list or reviewed books on their blogs (Integrated Marketing, n.d.). Public relations are also a big aspect of Amazon's overall objective.

Amazon allows you to post reviews on anything you have bought from their website which creates a database of reviews and adds credibility to their site. Bloggers are also a big source of publicity. For example, a blogger can write a review on a book and post it to their blog and post the link to the Amazon.com listing for that book. This gives not only a good review of the book, but also Amazon as a good place to purchase it (Integrated Marketing, n.d.).

Amazon uses media as their main form of marketing. They are focusing on online marketing channels. Amazon states "We direct out customers to our websites primarily through a number of targeted online marketing channels, such as our Associates program, sponsored search, portal advertising, email marketing campaigns, and other initiatives." (Amazon Case Study, 2018). In their statement they refer to customer loyalty and that it is

Continued...

important. Amazon views their Amazon Prime and free two-day shipping as a big part of their marketing objective.

Source: https://medium.com/@michaelangelo_q/amazon-coms-integrated-marketing-communications-901a6a2a77ef

Question 3

From your point of view, how the **SEVEN (7)** steps of Integrated Marketing Communication (based of pyramid tools) may help Amazon marketing campaigns to deliver a consistent message to their targeted audiences?

(25 marks)

Question 4

As per your discussion in Question 3, explain further why Amazon should concern themselves with the Digital Divide issues. Please provide definition of Digital Divide too.

(25 marks).

End of Page.